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Guam

Working paper prepared by the Secretariat

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I. General

1. Guam[1] is a Non-Self-Governing Territory administered by the United States of America with a locally elected Government. Basic information concerning the Territory is contained in a previous working paper submitted by the Secretariat (A/AC.109/2047, paras. 1-4). The people of Guam elect a Governor who serves a four-year term, 21 senators who serve two-year terms in a unicameral legislature, and a non-voting delegate to the United States Congress, who also serves a two-year term. The people of Guam became United States citizens in 1950 when the United States Congress enacted the Guam Organic Act, which established institutions of local government and made Guam an organized Territory. Guam is an unincorporated Territory, since not all provisions of the United States Constitution apply to the island.

2. The local judicial system is made up of a Superior Court and a Supreme Court led by judges appointed by the Governor. Local judges are subject to confirmation by the voters every six years. A United States District Court for Guam is headed by a District Court Judge appointed by the President of the United States.

3. Guam consists of a single island of approximately 212 square miles. It is located 3,700 miles west/south-west of Honolulu. The population of Guam in 1996 was estimated at 152,249. The annual rate of growth during 1990-1996 was about 2.3 per cent. If this rate of annual population growth continues, the population will reach 167,235 in the year 2000. The ethnic and racial composition of Guam's population includes 40 per cent Chamorro, 24 per cent Filipino, 15 per cent Caucasian, 5 per cent Micronesian and 16 per cent other ethnic groups.[2]

4. As a consequence of the implementation of separate Compact of Free Association agreements between the United States and the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau, since 1986, more than 13,000 migrants from these three Pacific Island nations freely associated with the United States and their American-born children have settled in Guam, Hawaii, and the Commonwealth of the Northern Mariana Islands, straining the resources of the recipient States and territories.[3] According to the Office of Insular Affairs (OIA) in Washington, in 1997 there were 4,568 persons in this category in Guam. The territorial Government spends $9 million annually to provide public education to Compact migrants and their children. In order to address the situation, OIA has made technical assistance grants to Guam and other Compact Territories, with additional funding appropriated to the two island jurisdictions (Guam and the Commonwealth of Northern Mariana Islands) by the United States Congress.[4]

II. Constitutional and political developments

5. Detailed information on the Constitution, the territorial Government and the 1994 general elections is contained in the 1995 working paper prepared by the Secretariat (A/AC.109/2018, paras. 5-13). For recent developments concerning the Commonwealth status of Guam, see paragraphs 32 to 35 below.

III. Activities related to the withdrawal of military bases

6. According to a recent economic report prepared by the Bank of Hawaii, the military downsizing has largely been completed as called for by the 1995 base closings and realignment programme. The report characterizes Guam's bases as an important segment of the economy which, given the Territory's dependence on the unpredictable business of tourism, serve as a counterforce to market swings.[5]

7. Currently the United States Navy and the Air Force jointly maintain bases in Guam with 7,235 persons in uniform (excluding reservists or National Guard personnel), the majority of which is naval personnel.[6] With dependants, this number extends to 15,000. There are nearly 5,000 civilian employees and approximately 2,000 retirees. By early 1997, Guam had lost roughly 2,000 civilian jobs since the 1995 national base realignment and closures initiative, which largely affected the Navy. According to a recent estimate, Guam's services-dominated economy requires the creation of 2.5 jobs for each job in the military, in order to generate the same income benefit.[7]

8. In addition to jobs, direct income and benefits, the military contributes to the local economy as a retailer and collector of federal taxes for Guam. In 1996, total military exchange sales amounted to $141.1 million, roughly 8 per cent of the Territory's total retail sales. Since Guamanians do not vote in national United States elections, they are exempt from federal taxes, which are, however, collected from military personnel and other federal workers, who must file federal tax returns with the money reverting to the territorial treasury. In the fiscal year 1996, such taxes amounted to $46.2 million.[8]

IV. Economic conditions

9. A general overview of Guam's economy in the 1995-1996 period is contained in a previous working paper prepared by the Secretariat (A/AC.109/2086, paras. 9-18).

A. Gross island product

10. In 1996, gross island product (GIP) was $2.998 billion. According to the Guam Finance Commission, GIP in current dollars was $3.014 billion in 1994 and $2.999 billion in 1995.

11. Per capita GIP, a global comparative measure of standard of living change, indicated a downward trend in Guam since 1992. Per capita GIP peaked at $20,823 in 1992, $20,456 in 1993, $20,659 in 1994, $20,091 in 1995 and fell to $19,598 in 1996. Between 1994 and 1996, nominal GIP was reported as having declined by 0.7 per cent and total personal income by 1.1 per cent, with per capita GIP dropping 5.1 per cent and per capita personal income 5.5 per cent. Meanwhile, the employment data show that more people were working in Guam in 1995 and 1996 than in previous years. For the same period, total employment grew by 2.8 per cent and gross business receipts by 14.4 per cent.

B. Employment

12. In 1996, Guam reversed a three-year employment recession. The gain in payroll positions reflected the island economy's transition from near total dependence for decades on the United States military to a new reliance on the region's civilian market economy.[9]

13. Total civilian employment, including dependants of military personnel and civilians working for the military, peaked in 1992 at 69,569 persons employed. Total civilian employment dropped to 68,420 in 1993, 66,570 in 1994 and to a low of 65,220 in 1995. In December 1996, it rose again to 68,440, only 1,129 employees below the previous peak. The gains in employment were important, but were not enough to reduce Guam's overall unemployment rate, which was close to 9 per cent in 1997.[10]

14. Total gain in employment in 1996 (from 1995) was 3,220 persons employed, or a 5 per cent increase. Most of the gain (2,940) occurred in the private sector, which accounts for 72 per cent of all employment. Private sector activity not only absorbed losses occurring in the public sector (largely the result of federal government downsizing) but created new positions to absorb some of the new entrants to the labour force.

15. Owing to the non-availability of data series on GIP by industry, the employment data are useful in describing the structure of Guam's economy. The services, retail, construction, and transportation and utilities sectors were the largest employers on the island, a consequence of the overwhelming importance of tourism to the civilian economy.

16. Of all eight sectors, five showed increases for 1996. The largest gain by sector, 1,610 employees in 1996, was recorded in the largest sector services. Transportation and utilities gained 910 workers, retail sales 440. Wholesaling gained 100 workers. Although agriculture added only 50 jobs, this was a 17.2 per cent gain for this tiny sector and the first gain after two years of job losses. In the total employment by sectors in 1996, services' share was 22.6 per cent, Government of Guam 20.2 per cent, retail 19.0 per cent, construction 11.1 per cent, transport and utilities 8.8 per cent, finance, insurance, real estate 3.9 per cent, wholesale 3.3 per cent, manufacturing 2.5 per cent and agriculture 0.5 per cent.[11]

C. Wages

17. A significant development in 1996 was the first drop in a decade in nominal (in current dollars) wages in Guam's private sector. Average weekly earnings for 1996 were $351.387, down 1.5 per cent from 1995. In contrast, government employees' average weekly earnings rose by 1.2 per cent from $600.57 in 1995 to $607.73 in 1996, widening the gap between the wages in the government and private sectors. The available data points to the existence of two-tier wage economy of Guam, where government employees now earn, on the average, nearly three quarters more than those in the private sector.

D. Public finance

18. The Territory's general fund has run deficits during most of the last 10 years, with the shortfall increasing in 1992-1994 from $51 to $184 million annually. By the end of 1996, according to the Guam Finance Commission, the deficit was down to approximately $90 million.[12] Deficits have resulted from a steady rise in government spending at the same time that the tax base has fluctuated with changes in business cycle.[13]

E. Trade

19. Business receipts showed marked improvement in 1996. Total business receipts (subject to gross revenue tax) rose by 7.8 per cent in 1996 to $5,612.9 million. This was the largest annual gain in four years. Wholesale receipts had the largest gain at 44.5 per cent, followed by retail sales at 10.1 per cent and services at 8.2 per cent.[14]

20. In 1995, several large retailers, including K-Mart and Cost-U-Less opened outlets in Guam, causing a 15-20 per cent drop in the prices of some household items. Total retail sales are approaching the $2.0 billion level, having reached $1.8 billion in 1996. However, the growth of the retail market in Guam is limited by demographic and income factors of the Territory's own population and the arrival of tourists on the island.

F. Construction

21. The total dollar value of building permits in 1996 dropped nearly 23 per cent to its lowest level in nearly a decade. The 1996 total of $298.2 million was the lowest since 1988. Despite the downturn, building industry continues to be a major employer in the Territory.

22. Public permits dropped 17.6 per cent to $86.7 million in 1996, the lowest since 1992. Permits for commercial and industrial space dropped the most in 1996, 54.7 per cent to $50.1 million, compared with peak $100.7 million in 1995. Residential permits dropped 13.8 per cent from $100.0 million in 1995, to $86.2 million in 1996.

G. Tourism

23. The visitor count in 1996 was 1,362,600 arrivals, almost the same number as compared with 1,361,460 in 1995. Most of the visitors were Japanese tourists. In 1990, Japanese tourists made up 82.8 per cent of total arrivals, dropping to 70.1 per cent in 1993. Japan's share of Guam's tourist market rose from 71.2 per cent in 1992 to 75.5 per cent in 1996.

24. Hotel inventory in 1996 exceeded 7,000 rooms for the first time, reaching a record 7,052, a gain of 600 rooms for the year. A total of 1,351 hotel rooms were either under construction in 1996-1997 or were expected to be completed in the next two to three years, according to the Guam Visitors Bureau. There are estimates that Guam's hotel inventory will double in the next five to six years, which would mean a capacity for 2.4 million visitors by 2002.[15]

H. Ship repair facility

25. An important step towards making the Territory a centre for civilian ship repair and distribution is the turnover of the ship repair facility which the United States Navy operated for decades in Guam. The facility has an infrastructure that would otherwise cost tens of millions of dollars to build. The future role of the facility and the capital needed to turn a former United States Navy shop into a civilian enterprise are currently under consideration by the Government of Guam.

I. Utilities

26. The Government of Guam is making important efforts to privatize utilities. The Guam Power Authority (GPA) has already contracted with Honolulu-based Hawaiian Electric Industries to help upgrade GPA generating and distribution capacity.

J. New airport terminal

27. Guam's new airport terminal opened partially in September 1996. Completion of the new terminal will facilitate Guam's efforts to market itself as a major regional destination.

V. Banking and finance

28. Information on banking and finance is contained in a previous working paper prepared by the Secretariat (A/AC.109/2086, paras. 27-28).

VI. Land issue

29. Information on the land issue is contained in a previous working paper prepared by the Secretariat (A/AC.109/2086, para. 29). In his statement before the Fourth Committee on 10 October 1997 (see A/C.4/52/SR.6), Mr. Robert Underwood, Guam delegate to the United States Congress, stated that the current process concerning the return of surplus federal lands to the Government of Guam in fact

allowed federal agencies to bid for those excess lands ahead of Guam.

VII. Social conditions

30. Information on social conditions is contained in a previous working paper prepared by the Secretariat (A/AC.109/2086, paras. 30-40).

VIII. Future status of the Territory

A. Draft Commonwealth Act

31. Detailed information on the political status referendum of 30 January 1982, and on the draft Commonwealth Act, as well as on the negotiations related thereto between the territorial Government and the administering Power during the period from 1986 to 1994 are contained in previous working papers prepared by the Secretariat (A/AC.109/1192, paras. 19-37, and A/AC.109/2018, paras. 74-83). Additional information for 1995-1997 is contained in a previous working paper prepared by the Secretariat (A/AC.109/2086, paras. 42-44).

32. On 29 October 1997, the House Committee on Resources of the United States Congress held hearings on the Guam Commonwealth bill (H.R.100) introduced in January 1997 by Guam's delegate to the United States Congress, Mr. Robert Underwood. The purpose of the bill was to create "the Commonwealth of Guam". Guam was represented at the hearings by a delegation headed by the Governor of Guam, Mr. Carl T. C. Gutierrez. The delegation included former Governors of Guam, members of Guam Legislature, the Chief Justice of Guam and Guam's non-governmental organizations.

B. Position of the territorial Government

33. In a statement for the record submitted by the Guam Commission on Self-Determination to the United States House of Representatives Committee on Resources on 29 October 1997, the Commission defined Guam's process of decolonization in the following way: "The Guam Commonwealth Act creates a mechanism whereby the United States Congress would approve of the Constitution of the Commonwealth of Guam including a provision which recognizes the right of the Chamorro people to select an ultimate political status. The language of the Commonwealth Act characterizes 'Chamorro' as persons (or descendants of persons) who were born in Guam prior to August 1, 1950. It is anticipated that the exercise of Chamorro self-determination would be a one-time vote on an ultimate political status for Guam. Guam's decolonization would result from the implementation of a status selected by the Chamorro people."[16]

C. Position of the administering Power

34. In his statement before the House Committee on Resources on 29 October 1997, the Administration's Special Representative for the Guam Commonwealth, Interior Deputy Secretary John Garamendi, summarized the position of the administering Power in the following way:

> "... our first recommended option is to invite Congress to join in the Guam status deliberations to help formulate comprehensive Commonwealth legislation that is mutually agreeable to the parties. Participation by Congress, which is constitutionally vested with plenary powers over territorial matters, would add significant momentum in bringing this matter to closure. ...
>
> "A second alternative, which may, but does not necessarily have to be, exclusive of the first, would be to pursue Federal policy changes that Guam has proposed which are supportable by the Administration, many of which are not inherent in the definition of the island's constitutional status. We could do this through discrete and separate legislation, perhaps having individual bills for each issue considered. ... The Administration is willing to support and proactively engage Guam and Congress in the development of separate bills that would address issues such as application of particular Federal immigration, labour, transportation, trade and tax policies to the island."[17]

D. Action by the General Assembly

35. On 10 October 1997, in their statements before the Special Political and Decolonization Committee (Fourth Committee) (see A/C.4/52/SR.6), the elected representatives of Guam and the representatives of Guam's non-governmental organizations participating in the hearings on decolonization emphasized that Commonwealth status for Guam was an interim measure as it did not meet the internationally recognized standards for decolonization, nor was it independence, free association or full integration; it would provide a transitional Government which would

facilitate the eventual decolonization of Guam. The petitioners from Guam urged the United Nations to reaffirm the right of Guam's indigenous people, the Chamorros, to self-determination and asked members to restore the language found in resolutions adopted in the past on Guam to the draft resolution being considered by the Committee. In resolutions adopted in 1994 and 1995, the General Assembly recognized the Chamorro people's right to self-determination. The petitioners said that the new wording in the draft resolution on Guam altered the implications of the decolonization process for the Chamorro people.

36. The representative of the United States, speaking in exercise of the right of reply, said that the United States Government and the representatives of Guam were pursuing the same objective, namely, the attainment of free self-determination by the island's people. Their positions differed with regard to who should be entitled to participate in that process. It was the view of the United States of America that the right to self-determination of Guam should be exercised by all the people of Guam, rather than just one part of the population. It appeared that those who had spoken at the current meeting did not recognize the civil rights of the majority of the population of Guam. It was difficult to imagine that the United Nations would associate itself with any exercise of the right to self-determination from which the majority of the people affected by the outcome would be excluded on grounds of ethnicity. In the United States of America, all persons were equal before the law. The Constitution did not allow for elections from which a portion of the population was excluded on ethnic grounds. Furthermore, his delegation could not endorse the view that the rights of one group of people should take precedence over the rights of another. The United States of America would not support any programme or project which excluded Guamanians who were not Chamorros. His Government was committed to working with all the peoples of Guam with a view to resolving its political status in keeping with the principle of self-determination. Nevertheless, the ultimate outcome of the process must be reached in conformity with the laws of the United States of America and the principle that self-determination must be exercised by the citizenry as a whole.

37. On 10 December 1997, the General Assembly adopted without a vote resolution 52/77 B, section VI of which particularly concerns Guam.

Notes

[1] The information contained in the present working paper was derived from published sources, including Internet sites.

[2] *Guam economic report: September 1997*, Bank of Hawaii, p. 3.

[3] Pacific Island Development Program/Country Policy Information System, 16 January 1998.

[4] Ibid. The representative from Guam, Mr. Robert Underwood, questioned figures in the Office of Insular Affairs report, putting the number of Compact migrants in Guam at 8,000 (Pacific Island Development Program/Country Policy Information System, 19 January 1998).

[5] Ibid., p. 9.

[6] In 1993-1994, total uniformed personnel strength on Guam was almost 11,500 persons (see *Guam economic report: September 1997*, p. 18).

[7] Ibid.

[8] Ibid.

[9] Ibid., p. 9.

[10] Ibid.

[11] See pie chart in *Guam economic report: September 1997*, p. 14.

[12] Ibid., p. 18.

[13] Ibid.

[14] Ibid., p. 22.

[15] Ibid.

[16] *Statement for the record: Guam Commission on Self-Determination*. House Resources Committee (105th Congress). Hearing on H.R. 100 The Draft Commonwealth Act, October 29, 1997, p. 11. (Copy was provided to the Secretariat by Guam Commission on Self-Determination in May 1998.)

[17] Testimony of Interior Secretary John Garamendi, the Administration's Special Representative for the Guam Commonwealth, 29 October 1997 (copy provided to the Secretariat by Guam Commission on Self-Determination on 1 May 1998).